

[24 April, 2001]

RAJYA SABHA

(b) if so, the details of the operations and the results of inquiries made so far?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):
(a) and (b) CBI has registered a case against the former Chairman, CBEC on the ground that he has shown favour to a private party. Following the registration of the case, CBI conducted searches *inter-alia*, of his residence as well as another officer on 31.3.2001. Subsequently, it has also registered a case against him for possession of assets disproportionate to his known sources of income.

In another case relating to smuggling of Chinese Silk fabrics by a Uzbek National through IGI Airport, New Delhi, CBI has registered a case and on 31.3.2001, conducted searches including the office and residential premises of 48 Customs Officers.

All the cases are under investigation of CBI.

RBI enquiry regarding diversion of bank funds to capital market

***558. SHRI RUMANDLA RAMACHANDRAIAH:** Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India are conducting enquiries to check whether funds from either money markets or the co-operative banks have made their way to the capital market which is going through payment crisis following collapse in share prices;

(b) if so, whether the Reserve Bank of India had sought details of money market borrowings by foreign banks;

(c) to what extent the foreign banks have been able to provide money market positions to RBI; and

(d) whether the Reserve Bank of India has also sought specific details about advances granted against shares to stockbrokers, corporate banks and individuals?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):
(a) Investigations carried out by Reserve Bank of India (RBI) have established that Madhavpura Mercantile Cooperative Bank Ltd., Ahmedabad had granted unauthorised credit facilities to companies/firms connected with stockbrokers amounting to about Rs. 1030

crores. The funds were released by the cooperative bank disregarding RBI Regulations and norms of not granting advances to stock brokers. Besides the bank has also raised Rs. 197 crores from various banks in the call money market to meet its payments.

(b) and (c) RBI has intimated that it has been collecting data on the borrowing and lending operations in call, notice and term money market from all banks, including foreign banks, from mid 1997. All foreign banks have been regularly supplying information on their borrowing and lending in the call, notice and term money markets to RBI.

(d) RBI has collected data from scheduled commercial banks in respect of advances against shares to stock brokers, individuals and other borrowers.

Involvement of Customs officials in smuggling at Indira Gandhi International Airport

*559. SHRI V.P. DURAISAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that senior Customs officials posted at the Indira Gandhi International Airport are helping smugglers to smuggle goods into the country;

(b) whether CBI raided offices and residence of 48 senior and middle level Customs officials in different cities in this connection;

(c) if so, the details thereof; and

(d) what action Government propose to take against the officials so that others may not emulate them?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):
(a) to (d) On 28.8.2000, a Uzbek woman was intercepted at IGI Airport, Delhi while attempting to clear Chinese Silk fabrics without declaring them to the Customs Authorities. Later she was arrested and detained under COFEPOSA Act. The matter was subsequently investigated by Director General Revenue Intelligence and Director General (Vigilance), CBEC. On the basis of the preliminary investigation conducted, 33 officers were suspended and the case was